

UNITED STATES DEPARTMENT OF AGRICULTURE
Sugar Division
Washington, D. C.

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LETTER FROM THE PRESIDENT TO HON. MARVIN JONES, HOUSE OF REPRESENTATIVES

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THE WHITE HOUSE

Washington

April 18, 1939



Dear Mr. Congressman:

The three departments of the government primarily concerned with the problems involved in the pending amendments to the Sugar Act have advised me of your courteous reference to them of S. 69 for expression of their views thereon. Since the proposed amendments raise grave governmental problems which transcend the specialized interests and functions of the individual departments concerned, I have been requested by them to set forth the basic position of the Administration on the proposed amendments.

Prior to 1934, the sugar industry was suffering from unsatisfactory returns and our exports to Cuba had declined to a disastrously low level. The legislation pertaining to sugar enacted by Congress in 1934, and revised and extended in 1937, and the Reciprocal Trade Agreement negotiated with Cuba in 1934, resulted not only in a substantial increase in the income of domestic sugar beet and sugarcane growers and processors, but also in a gratifying increase in our export trade with Cuba. Between 1933 and 1937, our exports to Cuba of rice, wheat flour, lard, and other agricultural products were trebled and exports of manufactured articles were increased fourfold.

I am advised, however, that only a year and a half after exhaustive consideration by the Congress and the Administration of the 1937 legislation, the sugar lobbyists, who, in order to justify their employment must be professionally dissatisfied under any conditions, are pressing for drastic amendments to the Act which would disrupt the balance established in the existing legislation as between the opposing interests of the various groups concerned; they would further burden consumers for the additional benefit of producers, seriously impair one of the principal markets for our export crops, and establish discriminations among various parts of the United States. Moreover, the proposed amendments would under-

mine the basis upon which the trade agreement with Cuba was negotiated, and violate our treaty obligations under the International Sugar Agreement, approved by the Senate on December 20, 1937.

The first paragraph of the bill contains special exemptions from the acreage adjustments now required as a condition for payments under the Act, that would operate primarily for the benefit of the large plantation companies in the mainland sugarcane area. Such exemptions would not only constitute a serious discrimination against the domestic insular areas, particularly the island of Puerto Rico, in which area a substantial adjustment of production this year is well under way, in compliance with the provisions of the Act, but is also extremely unfair and unjust to the producers in all areas whose great sacrifices in prior years under former sugar programs are directly responsible for the favorable position enjoyed by sugar producers in the mainland cane area in recent years. It is unthinkable that plantation producers in the mainland sugarcane area should be relieved of any responsibility for their appropriate share of crop adjustment as a condition for payments.

The second amendment in S. 69 would unfortunately delete the present provision in the Sugar Act designed to protect the households of the nation against sugar prices in excess of those necessary to maintain the domestic industry. In recent years the total burden of sugar legislation on consumers, if measured by the full difference between the unprotected price of sugar in world markets and the protected price in the United States, has been equivalent to the purchasing power of approximately fifty quarts of milk and fifty loaves of bread per annum for each family in the United States.

The third amendment of S. 69 discriminates against two sections of the United States, Puerto Rico and Hawaii, by reducing their present shares of the total domestic quota and by denying these areas their proportionate shares of the large increase provided for in the bill for all domestic areas. The bill would thus create a colonialism of the Old World type in the form of an underprivileged American citizen living in these particular insular parts of the United States. The imperialistic nature of such discriminations against some of our own citizens becomes clear when it is realized that although the Congress could legally destroy the economy of its insular possessions through such discriminatory trade restrictions, the American citizens in those areas would possess no legal right to defend themselves against such action by erecting trade barriers against products produced in the mainland.

The third amendment also proposes a severe reduction in the Cuban quota which would further curtail our shrunken markets for American agricultural exports at a time when Congress and the Administration are struggling with measures to expand such markets.

Furthermore, our principal benefit to Cuba in our reciprocal trade agreement of August 24, 1934, in return for over four hundred duty concessions to American goods, was a duty reduction on Cuban sugar negotiated against the background of the quotas provided in the Jones-Costigan Act, upon the assumption on the part of the contracting parties that the quota basis would not be changed to Cuba's detriment. The reduction which this bill proposes to make in the Cuban quota, is so inconsistent with the purposes of the trade agreement and the basis on which it was entered into that it seems at variance with our fundamental principles of fair play and fair dealing which we have been urging as essential to world economic recovery and world peace.

Under Article 9 (a) of the International Sugar Agreement, we agreed to accept from the full-duty countries every year a quantity of sugar directly proportionate to the small share allotted on a historic basis to those countries under the Jones-Costigan Act in 1937. Under the proposed bill this proportion would be decreased. In addition to losing part of their basic quotas the full-duty countries would lose under S. 69 the important reallocation of the Philippine dutiable sugar deficiency now provided for. The purpose of this provision in the Sugar Act of 1937 is to enlarge the foreign market for American exports.

Thus the enactment of the Bill S. 69 would be a serious threat to the future of the policy of improved relationships among the American republics, which has become so important and favorable a factor in our international relations in the past few years. We have been bending every effort to develop a vital program of inter-American cooperation. This program is becoming increasingly advantageous. It is earnestly believed that the Congress will not wish to impede its progress.

Very sincerely yours,

FRANKLIN D. ROOSEVELT

(Signature)

Honorable Marvin Jones,

House of Representatives.

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Very truly yours,
J. M. ...
(Signature)

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